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December 16, 1997

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

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DEC 16 1997
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: WT Docket No. 97-207

Dear Ms. Salas:

Herewith transmitted, on behalf of United States Cellular Corporation, are an original and five copies of its "Comments" in the above-referenced proceeding.

In the event there are any questions concerning this matter, please communicate with this office.

Very truly yours,


Peter M. Connolly

Enclosure


Date of transcription
12/17/97

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL

In the Matter of)
)
Calling Party Pays)
Service Option in)
the Commercial Mobile)
Radio Services)

WT Docket No. 97-207

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

COMMENTS

United States Corporation ("USCC") hereby files its Comments in response to the FCC's Notice of Inquiry ("NOI") in the above-captioned docket. USCC, through subsidiaries, operates cellular systems in 43 MSA and 100 RSA markets, serving approximately 1.6 million customers. Accordingly, it has a large stake in any FCC action regarding the means by which cellular carriers are compensated for their services. For the following reasons, USCC believes that the FCC should act to foster "calling party pays" as an option for cellular carriers and their customers.

I. Calling Party Pays Will Be
Essential If CMRS Is Ever
To Be Real Competition
For Wireline Service

As is noted in the NOI (page 5), current estimates are that approximately 80% of wireless traffic originates with wireless rather than landline customers. USCC's experience is consistent with this estimate.

This disproportion is a result of the fact that relatively few people usually have access to another person's wireless telephone number. There are no cellular directory assistance operators and no cellular telephone books.¹ Thus, it is virtually impossible to get in touch with someone via his or her cellular telephone without knowing the relevant number.

What this means is that despite its undoubted growth, cellular remains, in some sense, a specialized service and not a real competitor for wireline service, which, unlike cellular, provides directory assistance and telephone directories to those needing help with the numbers they wish to call.

In USCC's view, true wireline/wireless competition will only come into being when cellular customers can be reached as easily on their cellular telephones as on their wireline phones, which will

¹ We would also point out that one crucial aspect of achieving competitive equality between LECs and wireless carriers in the context of CPP will be equality of treatment in the publishing of telephone numbers. At present, LECs charge wireless carriers for the inclusion of wireless telephone numbers in telephone directories while they charge their own customers for not publishing their numbers. A fair and equitable system must be created under which all numbers, whether wireline or wireless, may be included in easily accessible local telephone directories. Any charges to wireless carriers for the inclusion of their members should be strictly limited to costs incurred by the LECs for such inclusion.

only occur when wireless customers can gain a greater measure of control than they now have over the costs of incoming calls. And USCC believes that the widespread availability of the CPP option will be an important step toward the achievement of that goal.

Drawing on lessons learned from USCC's provision of cellular service, we believe CPP would serve the public interest for the following reasons.

At present, wireless customers generally do not give out their wireless numbers largely because they are billed for inbound as well as outbound calls. Since customers have no control over the costs they incur from incoming calls, they control those costs by ensuring there will be very few incoming calls. This problem obviously diminishes the value of a cellular telephone to the customer. In USCC's view, CMRS services will not be truly competitive with wireline service until CMRS customers receive roughly the same number of calls as they make. And that will not happen without CPP.

In USCC's experience, about one-third of the customers who drop cellular service report that they found they had little or no "need" for the service. No one drops landline service for that reason. Those customers find that on the occasions they might otherwise need to make a call on their cellular telephones, they

can find a wireline alternative, however inconvenient. However, if CPP were instituted customers would, we believe, come to value their cellular service as much as they now rely upon their landline telephones because they would have the freedom to use cellular as necessary, rather than being required to limit incoming calls owing to cost constraints.

Also, given the confusing proliferation of telephone numbers for individuals which has occurred in approximately the last decade, clearly one of the most important consumer services for individuals in the future will be variations of "one number" services, which will facilitate the use of one number for calls to be routed to a customer's home, office, or wireless phone or to his or her pager or to voice mail, at the customer's option. However, as long as wireless customers must pay for all incoming calls they will, in many cases, be financially precluded from choosing this option, as it would facilitate a flood of unwanted incoming calls.

USCC believes that CPP will work in precisely the way its supporters predict. Preliminary results in USCC markets indicate that where USCC has offered caller I.D. and the first free inbound minute to its customers its ratio of "inbound" to "outbound" minutes has moved from 2:5 to 4:5. We believe CPP will, under the

right conditions, serve to equalize this ratio and thus serve the public interest.

II. CPP Should Be Offered Under
Certain Conditions In Order
To Serve The Public Interest

As is discussed in the NOI, there remain formidable technological and regulatory obstacles to the offering of wireless CPP. The information the FCC has requested will no doubt assist the Commission in formulating the best means of working toward wireless CPP. And, USCC plans to participate in this process as it moves forward.

However, at present, USCC can offer the following preliminary suggestions in how wireless CPP should be implemented.

It is essential that wireless carriers and their customers be able to decide which calls for which subscribers be designated as CPP calls. Customers may wish for example, to have a plan under which they would continue to pay for calls originating from certain friends and family members. The LECs, working in cooperation with wireless carriers, should provide an industry-wide method of developing this capability.

Like present cellular calls, calling parties under CPP should be charged rates which vary in accordance with distance of the call, the time of day, time of week, type of call, etc. LECs

should work with CMRS carriers to develop this capability. CPP minutes should be subject to the same mutual compensation rules which apply to other calls from the PSTN currently terminated on CMRS networks.

Perhaps the most important factors in determining whether the full value of CPP will be realized will be uniformity and transparency. All LECs must be required to develop a uniform method of providing CPP. Wherever a cellular subscriber goes, he or she must be able to determine whether an incoming call is a "CPP" call. If customers cannot readily determine this, then the uncertainty which presently exists will return and the value of CPP will be lost.

The attainment of transparency and ubiquity will be assisted by improvements in the computer capabilities of both wireline and wireless carriers and the improvement in wireless handset batteries, which will enable such handsets to operate longer than they now can without having to have their batteries recharged.

Also, it is essential that the rates charged by LECs to wireless carriers for billing and collection functions under CPP be reasonable and compensatory, not exorbitant. In a recent CPP negotiation, the rates being proposed by a LEC would have provided USCC with a very narrow per minute "margin" on such calls. If

cellular rates continue to drop, as they are now doing, CMRS carriers will be left with little or no margin on such calls, or a "negative" margin. Clearly, unreasonable billing and collection charges will make it certain that CPP never comes into widespread use.

LECs must also make available to wireless carriers detailed information about the number, duration, and location of CPP calls to wireless subscribers. Wireless carriers will need this information in order to plan the expansion of their networks. Essentially, they should have access to the same type of information from the LECs as they now are able to generate internally under the present system for calls made on their systems.

Finally, it is essential that CPP provision be nationwide in scope in order that cellular customers may derive its anticipated benefits while roaming in other markets. CPP will unavoidably add a degree of complexity to customer interaction with wireless service offerings. This complexity will be substantially minimized if CPP is available under uniform procedures in all markets.

Conclusion

USCC applauds the FCC for issuing the NOI. We believe that calling party pays will serve the public interest. Though there

will be engineering and regulatory obstacles to be overcome, we believe that LECs and CMRS carriers will be able to cooperate in the provision of this service, thus ultimately providing great benefits to customers and serving the public interest.

Respectfully submitted,

UNITED STATES CELLULAR CORPORATION

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December 16, 1997

Its Attorneys